

# Who wins in tax base sharing?

By TIM RICHARD

What does affluent, residential Lathrup Village have in common with Detroit that doesn't with Rochester, Bloomfield Hills or Farmington?

Lathrup and Detroit would be among the handful of communities which would be moved ahead if the Michigan Legislature

passes Gov. William Milliken's proposed revenue base sharing bill.

Lathrup would have gained \$4,200 and Detroit more than \$15 million had the revenue base sharing plan been law in 1974, according to a study by the state office of management and budget in the treasury department.

THE REVENUE BASE sharing bill came under unanimous criticism from suburban officials, however, in a public hearing Friday conducted in Westland by the House Taxation Committee. Only three of the 10 committee members attended.

Southfield Assessor Ernest Berens, in one of the more detailed presentations, said the bill would have cost his city \$2.9 million in 1974, with the loss in 1974 alone being \$1.49 million.

Berens said, "The legislation is based upon the faulty assumption that: '1. There is somehow a cost to a municipality when business is developed in a neighboring municipality.'"

"2. Business pays more than its share of the local taxes for services of the municipality."

Berens, the only Oakland official to testify Friday, said revenue from business property is needed to provide adequate fire protection equipment and water pressure to handle large, tall business buildings, police protection is needed for traffic and safety problems associated with business facilities, and business requires roads and traffic control devices.

THE MILLIKEN proposal would put 30 per cent of future business growth property taxes into a common pot for the seven counties of southeastern Michigan and distribute the pot on a population-related formula.

Former State Rep. James Farnsworth (R-Farmington Hills), now an executive assistant in the treasury office, defended the plan.

"We don't envision it as a bail-out for any particular community. It's a long range plan, a system of sharing within an economic community of future growth. It does not take away any tax base they now have."

The purpose is to assist in stabilizing finances of local government over a long period of time—over the complete life cycle of a community.

Farnsworth distinguished seven stages in a community's life cycle and the effect revenue base sharing would have at each stage.

"Rural agricultural," where the bill would have little impact, "rural residential," low impact, developing residential, large gain of funds, developing commercial industrial, high payment out, mature, balanced community, roughs break even, mature commercial industrial, moderate payment out, "maturing residential" and "aging, high receipts."

Administration would be handled by the state at local cost, Farnsworth said.

ALL OAKLAND communities in the 10-county area except Lathrup

Village would have paid into the fund if the bill had been law in 1974.

After Southfield, one of the biggest payments out would have come from Troy—\$1.12 million.

Others which would pay out would have been:

Townships: Avon, \$186,000; Bloomfield, \$157,000; Oakland, \$909; Southfield, \$9,850; and West Bloomfield, \$157,000.

Cities: Birmingham, \$122,000; Bloomfield Hills, \$50,000; Farmington, \$129,000; Farmington Hills, \$347,000; Orchard Lake, \$5,000; Rochester, \$100,000; and Troy, \$1,120,000.

"I can support this bill," said committee chairman George Montgomery (D-Detroit), one of the co-sponsors of the bill.

The amount Detroit would benefit would be small compared to the amount of squawking from the suburbs.

Montgomery said legislators would give the bill long and hard study. "There's no need to call out the militia or storm the capital," he said.

Another co-sponsor is Rep. Philip Mastin (D-Hamtramck), whose city would be a net gainer under the bill.

Other co-sponsors, all from unaffected areas, are Reps. Roy Spencer (R-Attica), Golden House Engler (R-Ray City), David Halverson (D-Lansing), and Connie Benfield (R-Mape, City).

OTHER SPEAKERS lined up solidly against the bill.

David D. Krause, Romulus assessor, Detroit's budget is 10 times greater per capita than his city's. "It's a bail-out of the City of Detroit."

Ron Mandros, Livonia assessor, "Livonia introduced industry at considerable expense. This would terminate our incentive. It would result in our renegeing all our vacant and commercial land to residential."

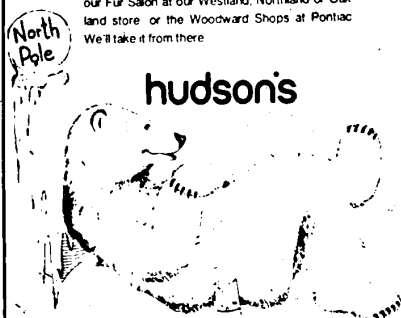
William Rechin, Westland police chief, whose city would be one of the few new suburbs to gain money, "Westland has one price offer per 1,000 population. Detroit has 3 1/2 officers per 1,000. They provide services we cannot provide. They have an administrative staff we can't touch. If we go over budget, we lay people off."

Kline Gollister, supervisor of Van Buren Township, "The formula is in part based on population, which for us is seven years out of date."

Kathleen Fitch, Washtenaw County commissioner, "It would rob Peter to pay Paul." Washtenaw would lose money while Detroit would gain, but she said Washtenaw's tax base is 35 per cent commercial industrial while Detroit's is 40 per cent.

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